The Office of Attorney General did not issue an annual report for 2009. However, the OAG did issue the attached three (3) news releases on December 29, 2009 that gave statistics for the Division of Criminal Justice and the Division of Law for 2009.
For Immediate Release:

December 29, 2009

Office of The Attorney General
- Anne Milgram, Attorney General

Number of Homicides in New Jersey Declines for Third Consecutive Year

Year-to-date figures show a 10 percent drop in murders in 2009 compared to 2008

Statewide Violent Crime Anti-Gang Initiative Nets nearly 4,600 arrests in 2009

Trenton, NJ – Attorney General Anne Milgram today announced a 10 percent decline in the number of murders reported in New Jersey in 2009 compared to 2008. The most significant decline came in Camden, where reported murders dropped 40 percent in the city of Camden, from 55 to 33 as of December 21.

The year-to-date figures, compiled by the 21 county prosecutors’ offices as of December 21, show 335 murders in 2009 compared to 369 in 2008. The total number of murders reported in 2008 was 376.

“We have now successfully decreased the number of murders in New Jersey three years in a row. This is an important step towards greater public safety, and it is the first time that homicides have been reduced three consecutive years in a decade.” Attorney General Milgram said. “This could not have happened without the commitment and hard work of the county prosecutors and local police chiefs.”

Various anti-gang initiatives organized by county prosecutors throughout the state and in five of the state’s urban cities netted 4,597 arrests in 2009, including 1,039 gang members who were mostly part of subsets of the Bloods. Those arrested were also members of the Crips, Latin Kings, Netas, Pagans, and MS-13. The operations, which helped solve 22 homicides and prevent another 13, represented the second phase of an anti-crime initiative that began in 2008 under Governor Corzine’s Strategy for Safe Streets and Neighborhoods.

The operations involve the close cooperation of local, county, state and federal law enforcement agencies, and use intelligence-led policing strategies to target the most violent criminals and gangs trafficking in illegal drugs and gun sales. In Camden alone, more than 1,100 people were arrested. The Camden Police Department, which is under the direct supervision of the Attorney General’s Office, was re-organized in 2008 to put more officers on the street and to deploy more officers to maintain close contact with community members.

There are now regular regional law enforcement meetings, or Gangstat meetings, under the direction of Jose Cordero, the statewide director of gangs, guns and violent crime control strategies, to allow prosecutors and law enforcement officials to share gang-related information. In addition, the State Police launched New Jersey Crime Track in the summer to provide a database for law enforcement agencies through the state to collect, store and share criminal intelligence related to street gangs.
Homicides had climbed to 427 in 2006, and then declined to 381 in 2007 and 376 in 2006. The last time homicides dropped over a period of several years was from 1995-1999, when the number of murders decreased from 408 in 1999 to 287 in 1999. The number of murders in 2000 increased by just one, to 288, but then climbed to 406 in 2003. The number of murders dropped again in 2004 but went up in 2005 and 2006.

The latest available year-to-date figures for 2009 showed declines in the number of murders reported in Bergen, Burlington, Camden, Hudson, Cumberland, Mercer, Morris, Salem, Somerset and Union counties. There were no murders in 2009 so far in Hunterdon, and Salem counties. Murders increased in Atlantic, Cape May, Essex, Gloucester, Middlesex, Monmouth and Warren counties, and were unchanged in Ocean and Sussex.

The violent crime rate in New Jersey dropped 1 percent in 2008, the seventh consecutive year of a drop in the overall violent crime index, which includes murders, rapes, robberies and aggravated assaults. Incidents of violent crime dropped 8.5 percent from 2005 to 2008. The total incidents of crime in 2008, including non-violent crimes, were the second lowest total in 15 years. The full Uniform Crime Report for 2009 will not be compiled until later in 2010.

Phase Two of the Statewide Violence Reduction Initiative in all 21 counties plus Vineland, East Orange, Plainfield, Irvington and Camden, led to the seizure of 648 guns, including 51 assault weapons. Illegal drugs with a street value of more than $10.9 million were confiscated and more than $2.7 million in cash seized by law enforcement.

The inaugural operations in 2008 had led to the arrest of 1,844 suspects, including 530 gang members and 600 individuals with previous arrests for violent crimes. One hundred sixty-two weapons were seized, including 22 assault weapons. Drugs with a street value of $4 million were seized and $857,769 in cash confiscated.

The totals for the last two years are 6,441 arrests, including 1,569 gang members, 810 weapons seized, and $14.9 million in drugs and $3.6 million in cash confiscated.

The totals for the city of Camden alone were 1,414 arrests, including 83 gang members, 125 weapons seized, and $455,222 in drugs and $293,599 in cash confiscated.

A joint law enforcement initiative launched in Irvington this past summer involving the Irvington police department, the Essex County Prosecutor’s Office, the Essex County Sheriff’s Office, the New Jersey State Police, the State Division of Criminal Justice, and the U.S. Drug Enforcement Administration (DEA) has resulted in the arrest of 335 individuals, including 58 gang members and 313 people with previous arrests for violent crimes. Thirty-two guns, $1,580,000 in illegal drugs and $259,200 in cash was confiscated. The number of homicides in Irvington year-to-date dropped from 24 to 17.

Also in 2009, Attorney General Milgram noted that the state and the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) strengthened its partnership to track the movement of illegal guns into New Jersey and prosecute illegal gun traffickers. Twelve people were indicted in July for the illegal possession, transfer and purchase of firearms that were later recovered by police in connection with crimes in New Jersey. The arrests and indictments were the result of investigations conducted by a task force of State Police detectives and special agents of the ATF. The task force also included police officers from Trenton, Mercer County Sheriff’s officers, and detectives from the Ocean County Prosecutor’s Office.

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For Immediate Release:
December 29, 2009
Office of The Attorney General
- Anne Milgram, Attorney General
Division of Criminal Justice
- Deborah L. Gramiccioni, Director

Division of Criminal Justice Files Over 900 Cases for Second Straight Year, Including Major Increases in Priority Areas
Corruption Cases Up 9%; Gangs & Organized Crime Up 48%; Major Crimes Up 7%

TRENTON – Attorney General Anne Milgram and Criminal Justice Director Deborah L. Gramiccioni announced that the Division of Criminal Justice achieved major increases in 2009 in the number of criminal cases charged by indictment or accusation by its Corruption Bureau, Gangs & Organized Crime Bureau, and Major Crimes Bureau.

- The Corruption Bureau charged 70 cases, a 9 percent increase over 2008 (64 cases) and a 32 percent increase over 2007 (53 cases).
- The Gangs & Organized Crime Bureau charged 161 cases, a 48 percent increase over both 2008 and 2007 (109 cases each year).
- The Major Crimes Bureau charged 549 cases, a 7 percent increase over 2008 (514 cases), and a 72 percent increase over 2007 (319 cases).

The Division of Criminal Justice charged a total of 920 cases in 2009, exceeding 900 for the second straight year.

"Once again we substantially increased the cases we charged in three priority areas, namely rooting out public corruption, fighting street gangs and organized crime, and targeting those who commit financial fraud, particularly those who prey on vulnerable investors and homeowners," said Attorney General Milgram. "Our Medicaid Fraud Control Unit also increased its cases."

The Corruption Bureau obtained indictments charging three New Jersey assemblymen, an Essex County freeholder, two former Atlantic City council members and other public officials. It sent two former mayors to prison for five years each, and took a guilty plea from a third former mayor calling for a minimum sentence of five years in prison without parole.

"We charged and resolved important cases this year, from indictments charging ballot fraud in a New Jersey Senate campaign in Essex County and a mayoral primary in Atlantic City, to the success of our Gangs & Organized Crime Bureau in securing lengthy prison sentences for leaders of street gangs and narcotics rings," Milgram said.

"By indicting three state assemblymen and securing prison sentences for three former mayors, we sent a strong message that we will not tolerate officials who betray the public and use their offices for personal gain or illicit activities," Milgram added.

The Gangs & Organized Crime Bureau sent a leader of the violent Nine Trey Gangsters set of the Bloods to prison for 70 years; obtained life sentences for two leaders of a South Jersey drug ring; indicted an alleged pimp and six associates who ran a major human trafficking and
prostitution ring in Jersey City; indicted 12 men for illegally trafficking guns later recovered by police in connection with crimes in New Jersey; and indicted 35 inmates for illegally possessing cell phones in prisons.

The Major Crimes Bureau sent a man to prison for 13 years for stealing $2.9 million through mortgage and investment scams; indicted four defendants for stealing over $1 million by using stolen identities to obtain mortgages and credit; indicted a father and son in a $4.5 million mortgage fraud; and indicted four men who stole $435,000 from the state by fraudulently obtaining tax refunds.

The Medicaid Fraud Control Unit filed charges in major cases, including indictments and guilty pleas involving 24 defendants in Essex County who engaged in a scheme to fraudulently bill Medicaid for HIV/AIDS drugs and other expensive medications, and the takedown of a major criminal narcotics network in Hudson County that distributed thousands of black market OxyContin and Percocet pills.

The Division charged 920 cases this year, compared to 966 in 2008, 658 in 2007, and 594 in 2006. CeaseFire program cases, which are handled by deputy attorneys general embedded in the Camden and Essex County Prosecutors’ Offices, declined from 117 in 2008 to 39 in 2009 as staffing was cut, cases charged in 2008 moved to trial, and more cases were handled by the county prosecutors. Staff cuts also impacted the Office of Insurance Fraud Prosecutor, which charged 100 cases compared to 156 in 2008. However, the Medicaid Fraud Control Unit in OIFP increased its cases to 27 in 2009, from 25 in 2008.

Director Gramiccioni noted that the Division charged 920 cases despite the net loss in 2009 of 19 attorneys and detectives (8 deputy attorneys general and 11 detectives) and the requirement that all staff take five unpaid furlough days. Cases are up 26 percent over 2005, when there were 38 more attorneys and 21 more detectives. There were 162 attorneys and 217 detectives in January 2006; there are 124 attorneys and 196 detectives now.

“For the second straight year, we charged well over 900 cases, and we did it with fewer people and fewer working days due to continued attrition, the state hiring freeze and five mandatory furlough days,” said Director Gramiccioni. “Through the diligence of our staff, we are bringing more and higher quality cases in priority areas including corruption, gangs, financial crimes and Medicaid fraud. We are truly maximizing our resources to protect the people of New Jersey and serve their best interests.”

“I commend the outstanding work of all of our deputy attorneys general, detectives, civil investigators, analysts and support staff,” Gramiccioni added. “Frequently they acted in partnership with the New Jersey State Police and other law enforcement and government agencies.”

**Corruption Bureau**

The Corruption Bureau charged and resolved a number of important cases, including these:

- Assemblyman Joseph Vas, the former mayor of Perth Amboy, was named in two separate indictments that charged him with, among other things, rigging a public housing lottery so his personal driver could buy an affordable home; stealing approximately $5,000 in public funds to pay for personal purchases and expenses; illegally receiving $25,000 in home improvements free of charge from a city vendor; making illegal reimbursements to city employees for political contributions; and conspiring with another city vendor to have it pay the $58,000 catering bill for a ribbon-cutting at the city’s new public safety, court and community complex.

- Assemblyman Anthony Chiappone and his wife, Diane, were charged with funneling $8,000 in state paychecks for legislative aides into their personal and campaign accounts, and failing to report the paychecks that went into the campaign to the state Election Law Enforcement Commission.

- Former state assemblyman Neil Cohen was charged in July in a superseding indictment that included a new count of possession of child pornography for images of child pornography he allegedly possessed on a computer in his law office in Montclair. The indictment repeated the counts of a prior indictment charging Cohen with official misconduct and possession, reproduction and distribution of child pornography for allegedly using computers in the 20th Legislative District office to view child pornography and print copies of child pornography that he left around the office.

- Former Irvington mayor Michael Steele pleaded guilty in September to rigging school district contracts and taking thousands of dollars in kickbacks as business administrator for the Irvington Board of Education. The state will recommend a seven-year prison sentence including five years without possibility of parole.
Former Orange mayor and former state assemblyman Mims Hackett Jr. was sentenced in January to five years in state prison for fraudulently billing the City of Orange for more than $5,000 in travel expenses he never incurred.

In July, the Division of Criminal Justice secured an Appellate Division decision increasing the sentence of former Carneys Point mayor John "Mack" Lake from three to five years in prison for attempting to bribe an opponent to drop out of the 2006 township committee race.

Ten people, including Essex County Freeholder Samuel Gonzalez, were indicted for election fraud in connection with absentee ballots they collected and submitted as campaign workers in the 2007 campaign of State Senator Teresa Ruiz in the 29th Legislative District.

Atlantic City Councilman Marty Small was indicted with 13 other defendants on charges they systematically conspired in a variety of fraudulent messenger ballot schemes in the 2009 Democratic primary election for mayor of Atlantic City.

Former Atlantic City councilwoman Cassandra Clark was indicted on charges she used a straw purchaser to illegally purchase a property being sold by the city for delinquent taxes.

John P. Corea, the former director of the Hoboken Parking Utility, was indicted on charges he conspired to steal more than $600,000 in parking meter revenue that he split with a contractor whose company he arranged to hire to collect coins from city parking meters.

Frank Winters, former police chief for Clayton Borough, was sentenced to seven years in prison for stealing $180,000 from Mothers Against Drunk Driving and $989 from his police department.

Audrey Walker Bey, a former employee of the Women, Infants and Children nutrition program in Newark, and two co-conspirators, were charged with conspiring to steal hundreds of thousands of dollars from the federally-funded WIC program by using fraudulent vouchers.

Gangs & Organized Crime Bureau

**Operation Red Light** – This investigation resulted in the indictment of an alleged pimp, Allen “Prince” Brown, and six associates charged with running a human trafficking and prostitution ring in Jersey City in which scores of women were induced to use heroin and cocaine and were beaten if they did not turn a daily quota of tricks.

**Operation Pandora** – In this case, 19 defendants were indicted in connection with a Newark-based ring engaged in the wholesale distribution of hundreds of thousands of narcotic pills, including OxyContin. This year all remaining defendants, including ringleader Mohamed Hassanain, entered guilty pleas calling for aggregate prison sentences in excess of 200 years and the forfeiture of millions of dollars worth of property.

**Operation Nine Connect** – Prosecutions continued in this investigation into the statewide criminal activities of the Nine Trey Gangsters set of the Bloods Street Gang. Guilty pleas have been obtained from approximately 48 of the initial 59 defendants resulting in sentences between five and 16 years in state prison. One gang leader, Michael Smart, was tried in January 2009, convicted and sentenced to 70 years in prison, including 40 years without possibility of parole.

**Operation Centerfield** – The leaders of a large-scale cocaine, methamphetamine, prescription pill and marijuana distribution ring in Camden and Gloucester counties, Gary Maddox and Jason McKinnon, were convicted at trial of racketeering and leading a narcotics trafficking organization and were each sentenced to life in prison plus fifteen years.

**Eugene Braswell** – Former senior state corrections officer Eugene Braswell was indicted with six others for allegedly trafficking 20 kilos of cocaine between Texas and New Jersey.

**Operation Bloodbank** – A spin-off investigation from Operation Nine Connect led to the indictment in July of 12 defendants charged as leaders and recruiters in a scheme involving members of the Nine Trey Gangsters to steal from banks by cashing counterfeit payroll checks. The defendants passed approximately $667,500 worth of counterfeit checks, stealing $374,502 from eight banks.

**Cell Phones in Prisons** – A state grand jury indicted 35 inmates for the illegal possession of cell phones in Northern State, East Jersey and South Woods state prisons. Twenty-five of those indicted are members or associates of criminal street gangs.
David Charles Murray — Murray was sentenced to seven years in prison for selling assault rifles, semi-automatic handguns and sawed-off shotguns to an undercover State Police detective.

**Major Crimes Bureau**

**State v. Spiro Pollatos** — This defendant was sentenced to 13 ½ years in state prison, including 4 ½ years without possibility of parole, in connection with a series of mortgage and investment scams through which he stole approximately $2.9 million, causing financial devastation for at least 20 victims and having an adverse impact on two financial institutions that provided loans.

**State v. Jeffrey Southard** — This Salem County investment broker was sentenced to 15 years in prison, including five years without possibility of parole, for defrauding elderly clients in South Jersey out of $1.8 million through a Ponzi scheme.

**State v. Yu Jane Chen et. al** — Four defendants were indicted for stealing more than $1 million by utilizing the identities of others to obtain mortgages, lines of credit and credit cards.

**State v. Gendel** — Martin and Seth Gendel and their companies, including Casey Properties LLC, were indicted for allegedly deceiving seven mortgage lenders into providing $4.5 million in loans for purchases of 14 homes. The loans were used in a scheme in which the defendants convinced investors to buy urban properties at inflated prices, then diverted loan funds for their personal use, leaving behind investors facing foreclosure and dilapidated homes.

**State v. Michael Rumore** — This Lyndhurst lawyer was sentenced to 15 years in prison for stealing $4 million entrusted to him for real estate closings, which he used to gamble in Atlantic City.

**Title Wave** — Wesley Starr, a former employee for the New Jersey Motor Vehicle Commission, was indicted on charges he sold hundreds of fraudulent motor vehicle titles to various brokers and purchasers, including 13 people who were also indicted.

**State v. Albert Taylor** — A Virginia man who formerly ran a company in Lincoln Park, N.J., that tested underground storage tanks was indicted for defrauding hundreds of clients by falsifying test results to generate business for his tank removal company.

**State v. R.D. Secaucus, Crowne Plaza** — The owner of the Crowne Plaza Hotel in Secaucus was indicted for unlawfully discharging sewage contaminated wastewater into the Hackensack River.

**State v. Mark Magee** — Magee was indicted for first-degree murder and weapons charges in the shooting death of Trump Taj Mahal shift manager Raymond Kot inside the casino on May 27.

**State v. John Hollins and Leslie Lawson** — John Hollins, an alleged cocaine dealer from Harrisburg, Pa., and his girlfriend Leslie Lawson were indicted on a charge of first-degree financial facilitation of criminal activity for allegedly laundering more than $2 million in drug proceeds in Atlantic City casinos from 2004 to 2008.

**State v. Daniel Goncalves** — A state grand jury indicted Goncalves for theft of an Internet domain name in November, making him the first person ever indicted in the United States for such a crime.

**Office of Insurance Fraud Prosecutor**

**State v. Seiarr, et al.** — Seven individuals and 11 corporations were indicted in January 2009 in a $1.5 million workers' compensation fraud scheme. The indictments allege that the defendants lied on insurance applications and failed to remit premiums to the insurance companies, instead keeping the money for themselves. They allegedly laundered money so that the scheme would go undetected. As a result, many people were left without workers' compensation insurance.

**OIFP's Medicaid Fraud Control Unit**

**Operation PharmScam** — OIFP's Medicaid Fraud Control Unit indicted or obtained guilty pleas from 24 defendants, including the owners of a pharmacy and a clinic in Essex County,
in an ongoing investigation into schemes in which prescriptions for HIV/AIDS drugs and other expensive medications were bought from Medicaid beneficiaries so that Medicaid could be billed for drugs that were never dispensed. The total fraud is estimated to have exceeded $2.3 million. The clinic’s owner, Bryan X. Chandler, and two pharmacy operators, Abdul Bari and John Borges, each pleaded guilty to health care claims fraud. Bari was sentenced to three years in state prison and ordered to pay $500,000 in fines and restitution. Chandler and Borges face state prison sentences of three to five years. The operation has resulted in the seizure of over $4 million in assets.

Operation MedScam – Operation MedScam led to the arrests in October of 13 people, including doctors and pharmacists, in connection with a major narcotics network in Hudson County that distributed thousands of prescription pain pills such as OxyContin and Percocet. Search warrants were executed at multiple locations and more than $1 million in assets were seized.

State v. New Jersey Mobile Dentist – In a series of undercover operations conducted in nursing homes by OIFP’s Medicaid Fraud Control Unit, detectives documented dentists not performing services that were billed to Medicaid. As a result of the investigation, four dentists employed by New Jersey Mobile Dentist have pleaded guilty thus far. The Medicaid program allegedly paid New Jersey Mobile Dentist more than $1.3 million as a result of fraudulent billing for those four dentists.

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For Immediate Release:

December 29, 2009

Office of The Attorney General
- Anne Milgram, Attorney General
Division of Law
- Taysen VanItallie, Director

Division of Law’s Legal Efforts Brought $148 Million in Judgments, Recoveries for State in 2009

TRENTON -- Attorney General Anne Milgram and Division of Law Director Taysen VanItallie announced today that the Division obtained $148 million in recoveries and judgments on behalf of the state in 2009 through debt recovery, consumer fraud, environmental and other litigation.

The $148 million obtained by the Division compares to $154 million recovered in 2008, but represents an increase of $24 million -- or approximately 19 percent -- over the amount obtained two years ago, and a $48 million increase over 2006. (The $154 million obtained in 2008 included $63 million received from a single settlement – the settlement of a pension securities fraud lawsuit against Tyco International Ltd.).

Total dollars obtained by the Division in 2009 through favorable judgments or cost recoveries included approximately $4 million from litigation related to securities fraud, consumer fraud and insurance fraud, approximately $42 million from environmental litigation and $12 million from debt recovery efforts.

In addition, Division attorneys defended the state in such areas as employment litigation and tort litigation. Combined, the amount paid out by the state as a result of legal action against it in 2009 and 2008 totaled $62 million -- $31.3 million in 2009 and $26.7 million in 2008. That figure represents a 47 percent reduction compared with the state’s combined pay-out for years 2007 and 2006 of $117.9 million ($72.3 million in 2006 and $45.6 million in 2007).

Attorney General Milgram credited the Division for continuing to obtain substantial dollars on behalf of the state while sharply reducing its litigation-related financial liability.

"The Division of Law is staffed by many dedicated, experienced attorneys who have high-caliber legal skills," said Milgram. "Through its own lawyers, and through the use of outside counsel where necessary, the Division has done a consistently excellent job of protecting our state’s assets and litigating on behalf of New Jersey citizens. Particularly during these tough fiscal times, the high quality of legal work provided by our Division of Law has been invaluable.”

"The attorneys of the Division of Law are an extraordinarily hard-working and creative group," said Director VanItallie. "Day in and day out, they deliver remarkable results for the citizens of New Jersey. Working with these lawyers is a tremendous privilege."
Overall, the Division of Law handled more than 39,000 pending legal matters in 2009, resolving or closing more than 19,000 matters and representing the state in approximately 1,200 trials and 1,100 administrative hearings.

Notable examples included a landmark state Supreme Court case in which the court held that the School Funding Reform Act is constitutional with regard to the state’s Abbott districts. The decision ended years of litigation concerning school funding practices, and reflected extensive work done in collaboration with the Department of Education.

In another appellate victory in 2009, the U.S. Court of Appeals for the District of Columbia ruled in favor of New Jersey and other states in a challenge to inadequate federal standards for microscopic pollutants known as fine particulate matter or “soot.” The court directed the federal Environmental Protection Agency to revisit its standards to ensure they protect public health with a margin of safety, and to provide scientific support for its eventual determination.

Among the significant lawsuit settlements handled by the Division in 2009 was a $5.6 million settlement with Frank E. Walsh Jr., a remaining defendant in the state’s investment fraud suit against Tyco International Ltd. Walsh, an independent director, was accused of taking an improper payment that was not disclosed to investors in connection with Tyco’s acquisition of CIT in 2001. He admitted no wrongdoing. In addition, the financial services firm Pricewaterhouse Coopers paid $5.85 million to settle allegations of accounting improprieties at Tyco. Under terms of the settlement agreement, there was no admission of wrongdoing.

Attorneys for the Division also finalized an agreement in 2009 under which the state will be paid $43 million to settle cost recovery and natural resource damage (NRD) claims associated with the Combe Fill South Landfill, a federal Superfund site in Morris County that operated for decades as a landfill that accepted industrial wastes, sewage sludge, chemicals and waste oils.

In a consumer protection settlement also finalized in 2009, Verizon agreed to pay the state $795,000 and provide pre-paid gift cards to more than 1,100 New Jersey consumers who complained about company marketing, promotion, sales and customer service practices related to its FiOS fiber-optic television, telephone and internet service. Attorneys for the Division also continued the state’s fight against mortgage fraud in 2009, filing lawsuits aimed at putting fraudulent lenders and mortgage “rescue” operators out of business while making consumers whole.

Among other cases, the Division filed suit against a disbarred lawyer, Martin Gendel of Montville, and his son, Seth Gendel of New York City, as well as their companies Casey Properties and Lee Alan L.L.P, for violating New Jersey’s Civil Racketeer Influenced and Corrupt Organizations (RICO) statute. The suit charged the Gendels and other defendants with using deception -- and the credit information of their unwitting victims -- to obtain fraudulent mortgage loans and turn a profit via the sale of urban properties at grossly inflated prices.

In two other mortgage fraud lawsuits, two unrelated companies in South Jersey — Hope Now Financial Services Corp. of Cherry Hill and New Hope Modifications of Bellmawr — were charged with selling loan modification services that never materialized, and with creating the false impression they were affiliated with a respected non-profit foreclosure prevention organization known as the Hope Now Alliance.

In July, the Division filed lawsuits against Best Interest Mortgage Company and New Day Financial Solutions charging the companies falsely represented loan modification services and collected unlawful “up-front” fees.

Also in July, a final consent judgment was entered ordering United Credit Adjusters and related companies to pay $550,000 in civil penalties and $86,900 in reimbursement to the Division of Consumer Affairs in connection with a suit filed charging violations of the Consumer Fraud Act.

Since June 2008, the Division has filed 11 mortgage fraud and foreclosure rescue scam suits naming 102 defendants. The suits charge conduct involving fraudulent loans worth more than $45 million and affecting approximately 2,200 victims.

Other noteworthy legal actions taken by Division of Law attorneys in 2009 included:
The filing of an eight-count lawsuit on behalf of the state against executives and directors of now-bankrupt Lehman Brothers alleging stock fraud and misrepresentation that cost New Jersey’s pension funds more than $100 million. The lawsuit charges that Lehman deliberately misled the state regarding the value of its assets, and that the state purchased common and preferred stock on the basis of the misleading information. The complaint seeks compensatory and punitive damages.

The filing of a suit against Merrill Lynch, charging that it sold the Division of Investment $300 million in preferred stock based on misleading information about the firm’s financial condition and that it also engaged in preferential treatment. Bank of America, which acquired Merrill Lynch, was also named as a defendant.

Negotiation of a settlement with Ticketmaster to resolve more than 2,000 complaints filed by consumers over the way tickets were sold to Bruce Springsteen concerts scheduled for May 2009 at the Izod Center in the Meadowlands in East Rutherford. Under the settlement, Ticketmaster agreed to take a variety of measures to satisfy consumers who were either charged for tickets they did not receive or were redirected to a Ticketmaster-owned Web site that offered tickets at exorbitant prices. Ticketmaster also agreed to pay the state $350,000 and to make changes regarding its future practices related to ticket sales.

The filing of a 16-count lawsuit against Hoboken-based Stevens Institute of Technology, the president of the university and the chairman of the board of trustees. The lawsuit charges financial mismanagement, excessive spending of endowment investment gains, improper handling of specific endowments and investments, failure to properly maintain records and accounts, and excessive compensation of the school president. The suit seeks reform of the school’s governance practices, reform of internal controls and accounting practices, and removal of school president Harold J. Raveche, as well as removal of chairman Lawrence T. Babbio from the school’s board of trustees.

Negotiation of a settlement with the Target Corporation under which Target agreed to pay the state $375,000 to resolve allegations its stores sold infant formula and non-prescription drugs beyond expiration dates, sold merchandise that did not match posted prices, and failed to post prices on its merchandise. As part of the settlement, Target voluntarily created a new senior management position, entitled Group Pricing Compliance Specialist, whose duties include monitoring compliance with Target’s policies as well as the settlement terms as to price accuracy.

Negotiation of a settlement with Synthes, Inc., a major medical device manufacturer. Under the settlement, Synthes agreed to disclose — to the public and to the U.S. Food and Drug Administration — payments made to physicians conducting clinical trials of its devices, as well as any investments held by these physicians in the devices they test. Synthes also agreed to ban the practice of compensating clinical trial investigators with company stock or stock options.

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